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IN THE

Supreme Court of the United States

October Term, 1955

No. 638

AVCO MANUFACTURING CORPORATION and
THE HARRY ALTER COMPANY, INC.,

Petitioners,

—v.—

HAZELTINE RESEARCH, INC.,

Respondent.

REPLY BRIEF FOR PETITIONERS IN SUPPORT OF PETITION FOR CERTIORARI AND APPENDIX

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Hazeltine's Statement of the Case

Hazeltine challenges the accuracy of the facts as stated by us. It is wrong in every detail. However, as the alleged errors apply only to our Point IV, Hazeltine is answered under that heading herein (pp. 12-17).

The only exception is Hazeltine's statement that we are wrong in asserting that the Toulon patent was deliberately reissued to cover the later and different "independently developed" Loughren system. This applies to both of our Points III and IV. Hazeltine admitted in Stipulation 37 and Admission 20 (Petition, p. 9) that the original Toulon patent did not cover the Loughren system, and that it was deliberately reissued by Hazeltine to cover that system.

The Patent Is of Public Importance

On page 19 Hazeltine says that the Toulon reissue patent is no longer of public importance because "should the decision of the Court below stand, all of the television industry" will be licensed, and:

> "There is no evidence of record that any of these licenses expires prior to the expiration of the Toulon reissue patent."

Hazeltine is mistaken. The Toulon reissue patent expires January 7, 1958. The licenses are five-year licenses with a right to a three-year renewal (R. 60). The record shows that Hazeltine granted licenses to at least 16 companies early enough to expire before January 7, 1958, including such giants as Admiral, Sylvania, General Electric, and Motorola (R. 1251, 1252, 1254, 825, 827-8). All of these licenses were taken before the decision below. If the decision below stands, renewal of these licenses is inevitable. Hazeltine owns no other patent which has ever been adjudicated to be valid in a contested case (Req. and Adm. 44, R. 1395, 1398).

Hazeltine erroneously asserted there was "no evidence of record" in the face of these facts peculiarly within its knowledge.

Hazeltine's Statement of the Questions Presented

Hazeltine's counterquestions (pp. 11-12) do not present the issues raised by this case. None of them takes into account the fact that the alleged infringing acts were committed before the new Act went into effect; the first two assume disclosure in the original patent itself of the subject matter of the claims added by reissue; the first assumes that an attorney's failure to comprehend is material, even

though he faithfully follows instructions given him; and the second assumes that it is immaterial whether error arose by inadvertence, accident or mistake and does not distinguish between an error of judgment as distinguished from inadvertence, accident or mistake. All three ignore Section 5 of the new Act.

POINT I

There is a direct conflict between Courts of Appeals.

(a) The Meaning of Section 5

On page 15 Hazeltine flatly states that "the Courts have uniformly held" that Section 5 of the 1952 Patent Act is applicable only to such rights and liabilities as have been "definitized by a judgment." This is incorrect, and no Court has so construed Section 5.

The only known Court of Appeals cases which mention Section 5 are the *General Motors* case 203 F. 2d 912, 917 (C. A. 6, 1953) and the *Texas-Miller* case 201 F. 2d 824, 825 (C. A. 5, 1953) (Petition, p. 18). In the *Texas-Miller* case the Court did not even mention when the lower Court judgment had been entered. In the *General Motors* case the Court relied on the *Texas-Miller* case (203 F. 2d at p. 917). In neither case did the Court make any distinction based on the time of entry of the judgment.

The only other known case of any Court referring to Section 5 is the *Hartley* case (Petition, p. 19) which properly construed the *General Motors* and *Texas-Miller* cases, to which it expressly referred, as saving pre-existing rights by applying the old law to claims for infringement arising prior to January 1, 1953, even though no trial had occurred or judgment been entered prior to that date. Hazeltine recognizes (p. 17) that this case is contrary to its position, but makes the unsupported contention that a

prior judgment is essential to invoke the old law after January 1, 1953.

A similar holding to that in the *Hartley* case is made in *Gagnier Fibre Products Co.* v. *Fourslides, Inc.*, 112 F. Supp. 926 (E. D. Mich. S. D., 1953), where the judgment was entered *after* the new Act became effective. Without referring expressly to Section 5, but relying on the *General Motors* case, the District Court said at pages 928-9:

> "While we believe that it was not the intent of Congress to make this act entirely retroactive, not favored in the eyes of the law, U. S. Fidelity & Guaranty Co. v. U. S. for Use and Benefit of Struthers Wells Co., 209 U. S. 306, 28 S. Ct. 537, 52 L. Ed. 804; Winfree v. Northern Pacific Ry. Co., 227 U. S. 296, 33 S. Ct. 273, 57 L. Ed. 518, there is a recent decision, specifically holding that the new act is not to be so considered. General Motors Corporation v. Estate Stove Company, 6 Cir., 203 F. 2d 912, decided April 17, 1953. The instant case was heard before the 1952 act went into effect and decision was delayed only because of the filing of briefs."

Hazeltine's categorical statement that Section 5 applies *only* where prior judgment exists is therefore not supported by the *General Motors* and *Texas-Miller* cases and is flatly contradicted by the *Hartley* and *Gagnier* cases.

The rights and liabilities covered by a judgment are protected by Section 4(e) which reads:

> "4(e) Nothing contained in Title 35, as enacted by section 1 hereof, shall operate to nullify any judicial finding prior to the effective date of this Act on the validity of any patent by a court of competent jurisdiction" (Appendix hereto).

Rights and liabilities not covered by a judgment are protected by Section 5 (Petition, p. 28a) which reads in part:

> "Any rights or liabilities now existing under such sections or parts thereof shall not be affected by this repeal."

Thus Section 4(e) prevents retroactive effect of the new Act to nullify a prior judicial finding "on the validity of any patent"; Section 5 prevents retroactive effect as to "any" rights or liabilities "now existing."

If the present case (commenced Oct. 17, 1951) had been tried and judgment entered before January 1, 1953, the claims in suit would have been invalid under the cases on pages 25-29 of the Petition. Prior to January 1, 1953 Avco had the then existing "right" to rely, and did rely, on that invalidity in manufacturing the sets now held to infringe. Under Section 5 that right "shall not be affected" by any changes made by the new Act.

By Hazeltine's argument the same "rights" would be differently adjudicated if the judgment was entered before, rather than after, January 1, 1953. This is prohibited by Section 5.

The construction of Section 5 urged by Hazeltine would render Section 4(e) superfluous. Such construction would of course be improper.

Even in a situation where the constitutional power of Congress to legislate retrospectively is established, this Court in *United States* v. *Burr*, 159 U. S. 78 (1895), in construing a repealer statute similar to Section 5 here involved, kept in force vested rights and liabilities, saying (p. 83):

> "if Congress intended that section 1 should relate back to August 1, still the intention is quite as apparent that the Act of October, 1890, should remain in full force and effect until the passage of the new Act on August 28 (1894) and that all acts done, rights accrued, and

> liabilities incurred under the earlier Act, prior to the repeal, should be saved from the effect thereof, as to all parties interested, the United States included."

In that case the Court quoted with approval its own earlier statement of the "general rule" that (pp. 82-3):

> "words in a statute ought not to have a retrospective application, unless they are so clear, strong, and imperative that no other meaning can be annexed to them, or unless the intention of the legislature cannot be otherwise satisfied;"

There is accordingly a direct conflict between circuits as to whether Section 5 prevents retroactive application of the new Act.

(b) The Meaning of the New Reissue Statute

On page 17 Hazeltine assumes *arguendo* that we are correct in stating that the new statute "did not change the substantive requisites for the validity of a reissue patent from those of the prior existing statute," and then goes on to say on page 18 that "the only controversy that can arise is in the reconciliation of prior decisional law interpreting the old reissue statute with the new unambiguous statutory language." If Hazeltine's assumption is correct, that there is no substantive change, there can, of course, be no occasion for reconciliation. But this controversy has already arisen and the uncertainty it occasions will plague the administration of the patent laws until it is determined by this Court.

Hazeltine invokes the naked language of the new reissue statute, stripped of the Supreme Court interpretation of the old, and asserts in effect that there are substantive changes. Hazeltine's position here is the same as it asserted

below in its brief (p. 53) and which the Court below followed:

> "* * * the question of 'inadvertence, accident, or mistake' is no longer the criterion for testing the legality of a reissue patent. The Reissue Statute in force since 1953 (supra, p. 41) is more liberal in that it requires only that the defect in the original patent occur 'through error and without any deceptive intention' (35 U. S. C. 251)."

No authority for this assertion is given.

We urge that the new reissue statute is not applicable here, as a matter of statutory construction of Section 5, but, if applicable, a direct conflict arises with respect to *Riley* v. *Broadway-Hale Stores, Inc.*, 217 F. 2d 530 (C. A. 9, 1954) which squarely held that the same inadvertence, accident or mistake is required under the new Act as under the old (Petition, p. 19).

Hazeltine refuses to discuss this point in its brief (pp. 17-18). It merely contends that there are differences between the facts of the *Riley* case and of the present case, ignoring the vital fact that the *Riley* case held that, to warrant reissue, there must be error arising by inadvertence, accident or mistake and without any fraudulent or deceptive intention, while the Court below adopted Hazeltine's position that mere error without deceptive intention, without more, suffices.

More than 24,000 reissue patents have issued. More than 3,000 have issued in the last 17 years. Nearly 200 are now issuing yearly. Henceforth the issuance and adjudication of each reissue patent will raise this question until decided by this Court, with increasing confusion and uncertainty until such decision.

POINTS II and III

The questions are of public importance.

As pointed out above (p. 2) the patent is important in the determination of existing licensees whether to renew. How long the entire industry pays royalties on its entire production of television sets is of great public importance.

The questions presented are of public importance for the reasons expressed in the *Leggett* and *Ladd* cases (Petition, pp. 22-25).

Hazeltine, at page 21, attempts to soften the effect of the *Leggett* and *Ladd* cases on the ground that those cases involved attempts to cover developments of a competitor which had gone into commercial use. There is no distinction in principle between this and the purchase here of Toulon's patent application by a competing patent licensor (Hazeltine) to cover the later development of another (Loughren) which had better commercial potential (R. 319) and which Loughren, as Chairman of the Joint Technical Advisory Committee for the F. C. C. (R. 284) had the opportunity to induce the industry to use (R. 333).

Hazeltine argues (p. 21) that because of the short interval between the grant of Toulon's original patent and his application for reissue the *Leggett* and *Ladd* cases are inapplicable. This is not the law. Even shorter periods cannot save reissue patents from invalidity. As this Court said in *Freeman* v. *Asmus*, 145 U. S. 226 (1892), at page 241:

> "In *Yale Lock Co.* v. *Berkshire Bank*, a reissue was held invalid, although it was applied for only thirteen days after the granting of the original, because there was not a clear mistake, inadvertently committed, in the wording of the claim;"

Hazeltine at pages 22 to 26 discusses the question of fraud. We have merely pointed out the importance of strict compliance with the requirements for reissue patents designed to prevent fraud in all cases, but ineffective to do so unless strictly construed, as this Court has held (Petition, pp. 15, 23).

On pages 22-25 Hazeltine argues that the failure of the Attorney General to act in this case is somehow favorable to it, and cites the *Hartford-Empire* case (p. 24) in support of its position. The Attorney General did not act in the *Hartford-Empire* case until after this Court acted (*United States* v. *Hartford-Empire Co.*, 73 F. Supp. 979 (D. Del., Oct. 7, 1947).

In argument, Hazeltine here again avoids meeting an issue directly. It discusses cases on *cancellation* of patents for fraud. These are irrelevant to the question of enforceability of a patent obtained by fraud (Petition, p. 24). The Court below overlooked the distinction, pointing to the desirability of clarification by this Court.

POINT IV

There is conflict with decisions of this Court.

Hazeltine at page 27 again tries to soften the impact of the *Leggett* and *Ladd* cases. This is ineffectual for the reasons given above on page 8.

On page 27 Hazeltine again avoids the issue. We make no contention that the *U. S. Industrial Chemicals* case (Petition, pp. 26-27) invalidates all broadened reissue patents. Rather, that case specifies criteria for determining whether a reissue patent is for the same invention as the original, which criteria the Court below overlooked.

Hazeltine admits on page 27 that, under the decisions of this Court, a reissue patent is invalid which claims an invention which is "not the same as that **intended** to be covered by the original patent." (Emphasis added.)

In *U. S. Industrial Chemicals, Inc.* v. *Carbide and Chemicals Corp.*, 315 U. S. 668 (1942) this Court said at page 676:

> "The **required intention does not appear** if the additional matter covered by the claims of the reissue **is not disclosed** in the original patent. * * * And **it is not enough that an invention might have been claimed** in the original patent **because it was suggested or indicated** in the specification. It must appear from the **face of the instrument** that what is covered by the reissue was **intended to have been covered and secured by the original.**" (Emphasis added.)

A negative inference that Toulon did not "conceive" his invention as limited is not enough. It falls short of even a "suggestion" or "indication."

The Court below held that the disclosure of Toulon's individual elements, in the original patent, was adequate under the new law to constitute a disclosure of the new and different combination covered by the added reissue claims. The Court said (Petition, p. 12a):

> "each of the elements of the invention referred to in the reissue claims is in fact disclosed in the original Toulon patent. This fully satisfies the requirement of the reissue statute of 1952."

This is clearly in direct conflict with *U. S. Industrial Chemicals.* A mere catalog of elements will support any new com-

bination if that is now the law. It is not the law, as this Court clearly stated in that case.

On page 679 this Court quoted *Gill* v. *Wells*, 22 Wall. (U. S.) 1, 26 (1874) as follows:

> "Argument to show that an invention consisting of a combination of three ingredients which are old is not the same as that of a combination of four old ingredients is quite unnecessary, as the negative of the proposition is as well settled in the patent law as it is in mathematics."

On page 30 Hazeltine says that the "real ground of this Court's holding with respect to invalidity" in the *U. S. Industrial Chemicals* case was a "fundamental alteration in the description of the invention in the specification, not a broadening of the claims." Hazeltine is mistaken. The issue there was the same as here, that is, whether the reissue patent *claims* what was "disclosed in the original patent" and what appears "from the face of the instrument" as "intended to have been covered and secured by the original," regardless of changes in the description.

Hazeltine, in citing *Topliff* v. *Topliff*, 145 U. S. 156 (1891), and making the fallacious contention that broadened reissues are universally approved, has overlooked *Freeman* v. *Asmus*, 145 U. S. 226 (1892), decided two weeks after the *Topliff* case, which invalidated a broadened reissue patent, and many other cases since that time.

In the *Asmus* case this Court pointed out at 145 U. S. 237 that:

> "Asmus waited until experience and reasoning had shown him the broadest formula in which to express the claims of his patent so as to cover all possible modifications."

This is exactly what Hazeltine did, availing of Loughren's "fresh approach" and "considerable amount of experimental work" (p. 3) to show it the broadest formula in which to express the claims of the reissue so as to cover all possible modifications. In that manner what Hazeltine once, after "careful consideration," rejected as not "fundamental in nature" (R. 1350), it now asserts to be basic.

At pages 31-32 Hazeltine again fails to meet our argument as to *Dobson* v. *Lees* and *General Radio* v. *Dumont* (Petition, pp. 27-28). In both those cases, the Courts held that the intentional and deliberate acts of the patentee's solicitor could not be changed by reissue.

The specific differences in facts between the present case and those cases is immaterial to the principles stated by this Court. The facts here, not controverted by Hazeltine, show lack of inadvertence, accident, or mistake on the part of Hodges or anyone else (even if Hodges committed error), and the decision below conflicts with the prior decisions of this Court. This is proved by the facts that (a) Toulon has never disclosed the Loughren system (b) there was no error in claiming, and (c) Toulon intentionally limited his original patent claims.

(a) Toulon Has Never Disclosed the Loughren System

Hazeltine does not argue that Toulon ever disclosed that his sync transforming means (the element omitted in the added reissue claims, Petition, p. 6) could be omitted. It argues (p. 9) that Toulon did not "conceive" his invention as being limited to include a sync transforming means, and that this is proved by *inference* from the original patent.

The argument is that this conception is to be inferred from the original patent because Toulon's disclosure was in general terms, and that in disclosing his only structural

embodiment, which included a sync transforming means, he *implied* that there might be other structural embodiments. This is obviously not a suggestion that such other embodiments might omit a sync transforming means. The argument is tantamount to saying that because a Buick engine is disclosed as one way of making an automobile go, with the implication that other engines could be used, this discloses that an engine could be omitted entirely. A general desire not to be limited is no substitute for the clear disclosure required in a patent.

On page 6, Hazeltine says that "the basic nature of Toulon's contribution" had "eluded the most skilled engineers in the great laboratories of R. C. A. and those of Farnsworth and Hazeltine." What this means is that they did not learn from Toulon's original application (which is what they studied, R. 911, No. 32; R. 1350) that the sync transforming means could be omitted. If they did not learn it, it is obvious there was no disclosure from which anyone else could learn it. Hazeltine admits it first learned it "independently" from Loughren's "fresh approach" based on a "considerable amount of experimental work" (p. 3). The vital fact is that there was **no such disclosure**, regardless of any undisclosed "conception."

(b) There Was No Error in Claiming

There could, of course, be no error in failing to claim what was not disclosed.

Hazeltine argues (pp. 5-8) that there was error in including the limitation to sync transforming means in the claims of the original patent because of poor communication due to the war, and incompetent or inadequate translation, preparation, and prosecution. This is incorrect.

Toulon's original patent was prosecuted throughout in accordance with "complete instructions" from France. In

a letter from Polydoroff to Langley (Toulon's U. S. agents), dated October 14, 1940 (R. 1261), Polydoroff said:

> "The Actions, amendments were studied in Paris and complete instructions send as to the answ:rs, payments of fees and issuance or abandonment of patents."

In Langley's letter to Page, of Hazeltine, dated October 15, 1940 (R. 1265), he says at R. 1266:

> "The prosecution was **closely watched** by M. Toulon and his legal and patent adviser from France **during the entire period of prosecution.** They had **constantly supplied us with their instructions** until both Toulon and Attorney Frumkine were mobilized." (Emphasis added.)

Those instructions were given before the war started. The third and last Office Action before allowance was on May 5, 1939 (R. 1134), four months before Hitler invaded Poland.

That there was no such error is also proved by the facts that Toulon's corresponding French patent (R. 1583, translation R. 1587) which issued in 1937, long before the war, names the sync transforming as the first characteristic feature (R. 1591); that his corresponding German patent (R. 1593, translation R. 1597), which was filed in 1937, claims the sync (i.e., wave) transforming in every claim (R. 1600-1) and says, four lines from the bottom of the first page (R. 1597), that it is "only then" (that is, only when a sync transforming means is used) that precise synchronization may be attained. (In his reissue oath Toulon swore that no German application had been filed (R. 1177). It is now stipulated in this case that one had been filed (No. 25, R. 909-10) and that the translation at R. 1597 is a correct translation (No. 54, R. 913).)

(c) Toulon Intentionally Limited His Original Patent Claims

On page 10 of its brief Hazeltine quotes claim 1 of Toulon's original application as filed, as showing that Toulon "did not conceive his invention to be so limited" because that claim does not recite the sync transforming means. That claim is a broad single means claim which recites no structure except the device to be controlled and "means" for controlling it. It was rejected in the first Office Action (R. 1119) and immediately cancelled (R. 1120). It proves nothing with respect to "conception."

That claim does prove that there is a direct conflict with *Dobson* v. *Lees* (Petition, pp. 27-28) because (Petition, p. 8) the claim was intentionally cancelled on April 21, 1938 (R. 1120), when there was unimpeded communication with Toulon, and Toulon intentionally accepted:

> "limitations imposed by the Patent Office, which narrow the scope of the invention as at first described and claimed." (*Dobson* v. *Lees*, 137 U. S. 258, 265 (1890).)

On page 10 Hazeltine also refers to claim 7 of the original Toulon application as a claim which included the sync transforming feature and was nevertheless rejected, and argues that this shows that this feature was not considered to be determinative of patentability either by the Patent Office or by Toulon's attorney. The argument fails because claim 7 (a process claim) was rejected on the ground that it failed to mention the necessary antecedent required fully to define the sync transforming step (R. 1135) namely (Petition, p. 7):

> "a relaxation device having a saw-tooth output wave form," (R. 1532-3)

for producing the local oscillations. Without that antecedent it was *also* rejected on Harper.

Hazeltine infers (p. 9) from recitals in the original patent relative to the "process" on which the Toulon invention "is based," that all structures which might be "based" on that process are disclosed. This is a grossly erroneous inference because it would permit Toulon to assert dominion by reissue over not only the combination originally claimed by him, complete with sync transforming means, but also other undisclosed combinations which omit one or more other elements which he similarly prescribed, for example, the relaxation oscillator. To impute to Toulon a structural invention coextensive with the scope of the process on which it is "based," would be tantamount to allowing to Toulon the very claim 1 which the Patent Office rejected and Toulon cancelled, because claim 1 is cast in terms of all means for executing the process. Hazeltine's fallacy is in overlooking the fact that no process claims whatever were allowed to Toulon, that the only structure he disclosed featured the sync transforming means, and that he treated that means as essential by including it in each claim of the original patent (R. 1532), prescribing it in the specification (R. 1531, c. 1, l. 42; c. 2, ll. 20-23), not so much as suggesting that it might be optional, and arguing that it imparted patentability to the claims (Petition, p. 7).

If any process whatever be imputed to Toulon it must be the process, not utilized by Avco (R. 212), which included the sync transforming step featured in Toulon's original patent (R. 1531, c. 1, l. 42):

> "In accordance with the invention, the very short synchronization impulses are transformed into signals the shape of which resembles that of the oscillations of the local relaxation device * * *."

Although the Court of Appeals recited this "process" in its opinion (Petition, p. 9a) it failed to realize the significance thereof and erroneously imputed to Toulon an inven-

tion of the scope of his "process" while failing to limit him to the only combination he specifically prescribed and claimed in his original patent "in accordance with" his invention.

The critical facts involved in the history of the original Toulon patent are that none of its claims is infringed (R. 1456-7); that each of its claims was intentionally accepted by Toulon's agent Langley (Petition, p. 8); that the other claims were intentionally cancelled (Exh. 31, R. 1085, R. 1136); and that the patentee has at no time even attempted to show that this acceptance was inadvertent, accidental or by mistake, relying entirely on an alleged error which is at best one of judgment.

Hazeltine, Toulon, Langley, Polydoroff, and Hodges intentionally procured issuance of the original patent. Hazeltine paid the final fee on the original patent application (R. 1060), assumed the prosecution (Stip. 35, R. 1378; Req. and Adm. 81, R. 1396, 1399), requested that Hodges stay on as Attorney of Record (R. 1359, R. 1059), confirmed Hodges' acts (Req. and Adm. 79, R. 1396, 1399), and accepted the original patent under circumstances when there was full communication with Toulon (R. 1355), who directed that the final fee be paid (R. 1148).

CONCLUSION

As this Court said in *Sontag Chain Stores Co.* v. *National Nut Co.*, 310 U. S. 281 (1940), at page 293:

> "Questions relative to reissued patents have long been vexatious to those immediately concerned with administration of the patent laws."

This case affords a unique opportunity for determination of the questions here presented for these reasons:

1. The original patent was admittedly not infringed.
2. The original claims were intentionally accepted.
3. The admitted purpose of the reissue was to add additional claims to cover the later invention of another.
4. The determination to apply for a reissue was made by Hazeltine Corporation before the original patent even issued.
5. The reissue claims omitted an element which was urged during the original prosecution to be a reason for patentability of the original, and this was the precise element missing in the later development of another (Loughren), and omitted from the accused device.
6. No combination without this element was disclosed in the original patent.
7. Only through retroactive application of the new reissue statute to acts committed before its enactment, was validity sustained.

This Court can now definitively construe the new reissue statute in a way which will insure against the abuses so often condemned in the administration of the old.

It is accordingly prayed that the Petition be granted.

Respectfully submitted,

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APPENDIX

PATENT ACT OF 1952 (Public Law 593, 82d Congress, 2d Session, Chap. 950; 66 Stat. 792, approved July 19, 1952) **Sec. 4(e)** (66 Stat. 815):

> "(e) Nothing contained in Title 35, as enacted by section 1 hereof, shall operate to nullify any judicial finding prior to the effective date of this Act on the validity of any patent by a court of competent jurisdiction."